



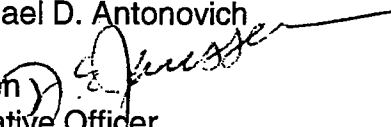
County of Los Angeles
CHIEF ADMINISTRATIVE OFFICE

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DAVID E. JANSSEN
Chief Administrative Officer

July 29, 2004

To: Supervisor Don Knabe, Chairman
Supervisor Gloria Molina
Supervisor Yvonne B. Burke
Supervisor Zev Yaroslavsky
Supervisor Michael D. Antonovich

From: David E. Janssen 
Chief Administrative Officer

Board of Supervisors
GLORIA MOLINA
First District

YVONNE B. BURKE
Second District

ZEV YAROSLAVSKY
Third District

DON KNABE
Fourth District

MICHAEL D. ANTONOVICH
Fifth District

DEPARTMENTAL OVERTIME COSTS

On June 22, 2004, the Board of Supervisors requested the Chief Administrative Office (CAO) to report back on what is being done to curtail overtime costs as reported in the Daily News on Sunday, June 20, 2004. This report is in response to the Board's request.

The County's overtime policy, outlined in County Code Section 6.15.040 (Attachment I), provides the general guidelines utilized by the CAO and departments in authorizing overtime. This policy was refined by the CAO to conform with State Auditor recommendations in an April 26, 1996 letter to the Board and all department heads. This letter specifically defined the overtime authorization policy and procedures to ensure uniformity among all departments. These requirements are summarized in Attachment II and require that all overtime must be authorized in advance by the CAO or the Board, except in major emergencies. In addition, all overtime including paid overtime and compensatory time-off must be approved in advance by the respective department head before work is performed.

In accordance with this policy, departments are required to submit "Requests for Overtime Authorization" to the CAO quarterly. These requests are to minimally detail the justification for overtime, the number and title of positions affected, and a reasonable estimate of the required overtime hours. These requests are to be submitted at least five business days before the beginning of the quarter in which the overtime is to be worked, and require department head sign-off. In addition, each department must prepare and distribute internal policies and procedures which minimally ensure that only paid overtime specifically approved in advance by the CAO

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and the department head is worked and paid, and that such overtime does not exceed the amount estimated by the department's quarterly request to the CAO.

Ultimately, the responsibility for authorizing and monitoring individual employees' overtime resides directly with each department. Although, County overtime policy does not specifically place restrictions on the amount of overtime an individual employee may work, each department is provided the option for developing and implementing their own internal policies which address their unique departmental requirements and workloads. For example, the Probation Department has recently developed and instituted such policies in order to monitor and, if necessary, curtail employee overtime hours.

In unique instances, such as those cited in the Daily News, employees have earned an unusually high amount of overtime which are typically attributable to extraordinary events, delays in hiring, attrition, and difficulties in recruitment and selection. Extraordinary events are classified as unpredictable events such as fires and riots, and sometimes create an immediate need for overtime. Difficulties in hiring, attrition, and recruitment and selection are sometimes a product of budget restraints and/or curtailments. It is under these circumstances that management faces the challenge of continuing to provide cost effective and efficient services while optimizing basic or mandated service levels.

Attachment III provides information received to date from Health, Probation, and Sheriff on the use of employee overtime in response to the June 20, 2004 Daily News article. The Probation and Sheriff departments will report back to your Board with the outstanding information by September 15, 2004. It is important to note that none of these occurrences resulted in the department exceeding its overall overtime budget.

In addition, under the general policies and procedures for overtime, the CAO monitors overall departmental overtime expenditures compared to budget in periodic Budget Status Reports (BSR), generally prepared at the 5th, 9th and 11th month intervals. Included in this report is an overtime section which requires departments to project their full-year overtime costs. The departments are also required to submit to the CAO, and your Board, variance explanations detailing the reason(s) for the projected overspending of the overtime budget. The BSR process provides essential oversight to monitor not only total departmental overtime spending, but the overall departmental budget.

Although some departmental overtime costs may have increased over the past four years, Countywide overtime costs have decreased. Attachment IV is a Four-year *Departmental Overtime Summary Report* detailing overtime expenditures from

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FY 2000-01 to 2003-04. The following are some major highlights of the report:

- Total Countywide overtime costs have decreased 10.7 percent from FY 2000-01 to 2003-04;
- General Fund/Enterprise Fund (including Health Services) costs have decreased by 20.4 percent from FY 2000-01 to 2003-04; and
- Health, Probation and Sheriff, which incurred approximately 46 percent of the total FY 2003-04 Countywide overtime costs, have reduced their respective costs by 19.8 percent from FY 2000-01 to 2003-04.

To assist departments with the complex task of monitoring overtime costs at the employee level, the CAO is consulting with the Auditor-Controller on future development of a standardized departmental report that will identify overtime expenditures. It is envisioned that this report will identify those employees who have paid overtime in excess of 50 percent of their regular earnings. Each department will be sent their respective report quarterly, and a comprehensive report will be sent to the CAO. Departments will be encouraged to utilize this report as a tool to identify employees with substantial overtime earnings, verify that sufficient justification exists, analyze and implement alternatives to employee overtime, and assist in the development and implementation of departmental employee overtime policies.

Also, via this memorandum, we are reinforcing existing overtime policies and procedures to all department heads, and recommend that departments review their current policies and procedures to ensure adherence to the County's overall policy. In addition, we will strongly encourage departments to utilize the forthcoming employee overtime report to develop new policies that can assist in this process. Lastly, we will work with the Auditor-Controller, Human Resources, and Chief Information Office to explore additional capabilities for departments to monitor individual employees' overtime hours and costs within any future countywide timekeeping and payroll systems.

If you have any questions please call me, or your staff may contact Sid Kikkawa at (213) 974-1133.

DEJ:DL
SK:AB:ljp

Attachments

c: All Department Heads
overtime costs.bm

Title 6 SALARIES

Chapter 6.15 OVERTIME FOR FLSA COVERED AND OTHER NONSALARIED
EMPLOYEES

6.15.040 Required authorizations.

A. An employee shall not be assigned overtime that qualifies for payment unless:

1. Such overtime is first approved by the board of supervisors or the chief administrative officer;
or

2. Such overtime is necessitated by a major emergency due to fire, flood, or other cause involving significant danger to life or property. Such emergency overtime which does not qualify for the FLSA Overtime rate may be worked upon approval of the department head.

B. To request authorization from the chief administrative officer to pay employees for overtime, the department head shall notify the chief administrative officer in writing of the reasons requiring paid overtime, the number and titles of positions affected, and the probable period of time the overtime will be worked. The request shall be made before the overtime is worked. (Ord. 93-0019 § 12 (part), 1993.)

OVERTIME AUTHORIZATION POLICY AND PROCEDURES

To bring County overtime practices into line with the State Auditor's recommendations, effective immediately, policies and procedures governing approval and record-keeping for overtime in the County are as follows:

1. Except in the case of a major emergency, all overtime must be authorized by the CAO in advance of the overtime being worked and must not exceed the overtime amount financed in the budget.
2. In the case of a major emergency, overtime must be approved by the relevant department head in advance of the overtime being worked. Subsequent notification of such overtime worked must be provided to the CAO within two weeks of the time the overtime is worked, accompanied by a statement by the department head stipulating as to the nature of the major emergency.
3. Requests for authorization of overtime must be submitted to the CAO quarterly, at least five business days before the beginning of the quarter in which the overtime is to be worked. If it is later discovered that additional overtime will need to be worked during the quarter, the department head should request authorization for the additional time at least five business days before the time is to be worked. Each department head's request must include a letter of justification and be accompanied by the attached form. Each such request must minimally detail the following:
 - a. The justification for overtime, based on past experience and other appropriate factors; and
 - b. The number of positions in each affected classification for which overtime authorization is requested; and
 - c. A reasonable estimate by position classification of the required overtime hours for FLSA covered employees or exempt non-salaried employees. Estimates supporting requests for full shift compensatory time off authority for FLSA exempt salaried employees should include only that work which, in the department head's opinion, would substantially exceed the employee's regular workload.
4. If the CAO does not respond to a request for authorization of overtime within five business days of receipt of the request, the request may be deemed approved.
5. In addition, all overtime worked must be pre-approved by the relevant department head or the department head's designee before the work is performed. Each department must prepare and distribute internal policies and procedures which minimally ensure that only paid overtime specifically approved in advance by the CAO and the department head is worked and paid, and that such overtime does not exceed the amount estimated by the department in its request for authorization. The FLSA requires that FLSA regulated overtime "suffered" to be worked by FLSA covered employees must be paid whether or not it is authorized. To prevent this, internal department policies and procedures should be designed to effectively prevent unauthorized overtime from being worked.
6. Each department must maintain records that demonstrate compliance with these policies and procedures for the current and at least three prior fiscal years unless relevant program requirements (e.g., grants) specify a longer retention period, or until audited. The Auditor-Controller will conduct periodic spot audits of such records to confirm compliance.

These requirements will remain in place pending implementation of any modifications which may be suggested by department heads and approved by the CAO or the Board as appropriate. Questions from departments concerning paid overtime authorization policies and procedures should be directed to their budget analyst in the CAO. Questions concerning the FLSA ramifications of those policies and procedures should be directed to the CAO Compensation Policy staff at (213) 974-2486.

Overtime Explanations

Attachment III

Department	Item/Groups	Preauthorized By Dept	Justification/Explanation	Corrective Action/Measures
Probation	Deputy Probation Officer II	YES	The department indicates that the employee functions in a specialized program. An inquiry has been initiated to review the overtime use and to potentially suggest means to mitigate the extent to which overtime is used for specialized programs.	The Department has implemented quarterly overtime monitoring reports identifying individuals with significant levels of overtime earnings. Utilizing the report, all potential instances of overtime abuse are investigated and corrective and disciplinary action is taken, if warranted. Departmental policy limits the awarding of overtime to 96 hours per month for any one individual. Compliance with the policy will be re-emphasized throughout the Department.
	Head Cook	YES	The Head Cook in question provided overtime support warranted by vacancies and/or increase demands for special events. Although this classification was included in the departments' quarterly overtime request, the department has indicated that there is no justification for the level of overtime awarded to the Head Cook.	(same as above)
	187 Employees > \$10,000 (1)	N/A	N/A	N/A
	42 Employees Increased salary more than 50% (1)	N/A	N/A	N/A
Health	Physician	YES	This physician serves as the Medical Director for what was then (02-03) the Antelope Valley Cluster. In addition to her regular duties, she also handled responsibilities for key physician and nursing lead staff vacancies, including the Chief of Surgery, Chief of Internal Medicine, Chief of Anesthesia, Intensive Care Unit Director, and the Quality Management/Risk Management Director. Further, she was instrumental in developing and implementing the transition plan for the Board-approved conversion of High Desert Hospital to a Multi-Service Ambulatory Care Center (MACC).	Overtime related to inpatient services provided by High Desert Hospital no longer required, since the initial phase of the MACC has been implemented. However, activities continue related to licensure, credentialing and ongoing medical management and require the facility to continue to use this physician in an expanded capacity. To reduce overtime in the future, the facility will initiate efforts to recruit an additional physician to carry out some of the administrative duties currently being performed by this physician.
	Nurse Practitioner (Harbor/UCLA)	YES	This Nurse Practitioner is assigned to the Neurosurgery Division. Substantial overtime was required to meet workload demands, changes in numbers of medical residents assigned to the division and implementation of work hour limits for interns and residents, required by accreditation guidelines.	Initiated recruitment efforts for additional residents from UCLA to provide after-hour coverage.
	Nurse (UAC+USC)	YES	Substantial overtime was needed to address workload and critical nurse staffing shortages due to difficulty in recruiting new hires, as well as time away taken by existing staff due to family medical leave, vacations, etc.	Recruitment and retention efforts for nursing staff are being strengthened.

Overtime Explanations

Attachment III

Department	Item/Groups	Preauthorized By Dept	Justification/Explanation	Corrective Action/Measures
	Sr. Medical Records Tech (Olive View)	YES	Substantial overtime was needed to address workload and large numbers of vacancies due to insufficient numbers of qualified, certified and experienced Medical Records coder staff, especially at the level of Senior Medical Records Technician. This employee is the only individual in this facility certified at the level required to perform these functions.	Recruitment and retention efforts for medical records coding staff positions are being strengthened. In addition, County sponsored training has been implemented.
	1,031 Employees > \$10,000	YES	The Department continues to review these individual cases; cases appear to involve increased workload demands made more challenging because of vacancies. Most of the employees perform patient care related services, primarily in nursing care, as well as physicians, pharmacists and radiologic technologists and other patient related services, such as medical records coding and financial services activities. Of the rest, many are involved with plant management and maintenance, particularly custodial staff at LAC+USC.	The Department is finalizing revised overtime policies and procedures to ensure that adequate justification is provided when approving overtime. The Department is also strengthening recruitment and retention efforts for hard-to-fill positions such as nursing and medical records coding staff.
	338 Employees Increased salary more than 50%	YES	The Department continues to review these individual cases; as indicated above, most of the employees perform patient care related services. Of the others, many are involved with plant maintenance, such as custodial staff.	(same as above)
Sheriff (1)	Employee #1 (\$25,900 OT)	N/A	N/A	N/A
	Employee #2 (\$71,156)	N/A	N/A	N/A
	177 Employees > \$10,000	N/A	N/A	N/A
	10 Employees Increased salary more than 50%	N/A	N/A	N/A

[1] Department has indicated that the information is "Not Available" (N/A) at this time and will provide information directly to the Board by September 15, 2004.

Four Year Departmental Overtime Summary

Attachment IV

DEPARTMENT NAME	2000-01 ACTUAL	2001-02 ACTUAL	% Chg 01-02 vs 00-01	2002-03 ACTUAL	% Chg 02-03 vs 01-02	2003-04 PROJECTION ^[1]	% Chg 03-04 vs 02-03
GENERAL FUND/ENTERPRISE FUNDS							
ADMINISTRATIVE OFFICER	\$ 81,000	113,000	39.5%	\$ 80,000	-29.2%	\$ 85,000	6.3%
AGRIC COMM/WTS & MEASURES	183,000	143,000	-21.9%	177,000	23.8%	276,000	55.9%
ALTERNATE PUBLIC DEFENDER	50,000	42,000	-16.0%	33,000	-21.4%	20,000	-39.4%
ANIMAL CARE AND CONTROL	34,000	61,000	79.4%	79,000	29.5%	95,000	20.3%
ASSESSOR	1,223,000	1,585,000	29.6%	2,590,000	63.4%	2,772,000	7.0%
AUDITOR-CONTROLLER	29,000	46,000	58.6%	35,000	-23.9%	40,000	14.3%
BEACHES & HARBORS	38,000	32,000	-15.8%	44,000	37.5%	47,000	6.8%
BOARD OF SUPERVISORS	57,000	50,000	-12.3%	51,000	2.0%	46,000	-9.8%
CHIEF INFORMATION OFFICER	0	0	0.0%	0	0.0%	0	0.0%
CHILD SUPPORT SERVICES	1,093,000	936,000	-14.4%	895,000	-4.4%	227,000	-74.6%
CHILDREN AND FAMILY SERVICES	23,224,000	26,438,000	13.8%	22,000,000	-16.8%	11,569,000	-47.4%
CHILDREN AND FAMILY SVCS- MacLaren	3,271,000	5,666,000	73.2%	1,397,000	-75.3%	0	0.0%
COMMUNITY & SENIOR CITIZENS	220,000	161,000	-26.8%	194,000	20.5%	196,000	1.0%
CONSUMER AFFAIRS	2,000	0	-100.0%	6,000	0.0%	3,500	-41.7%
CORONER	438,000	407,000	-7.1%	439,000	7.9%	386,000	-12.1%
COUNTY COUNSEL	48,000	38,000	-20.8%	55,000	44.7%	76,000	38.2%
DISTRICT ATTORNEY	351,000	430,000	22.5%	335,000	-22.1%	289,000	-13.7%
HEALTH SERVICES SUMMARY	53,444,000	55,895,000	4.6%	56,862,000	1.7%	59,529,000	4.7%
HUMAN RELATIONS COMMISSION	0	0	0.0%	0	0.0%	0	0.0%
HUMAN RESOURCES	22,000	26,000	18.2%	50,000	92.3%	27,000	-46.0%
HUMAN RESOURCES/PUBLIC SAFETY	5,369,000	5,107,000	-4.9%	3,487,000	-31.7%	3,206,000	-8.1%
INTERNAL SERVICES DEPARTMENT	4,504,000	4,411,000	-2.1%	4,420,000	0.2%	4,519,000	2.2%
MENTAL HEALTH	2,165,000	2,821,000	30.3%	3,457,000	22.5%	4,395,000	27.1%
MILITARY & VETERANS AFFAIRS	20,000	23,000	15.0%	18,000	-21.7%	15,000	-16.7%
MUSEUM OF ART	177,000	40,000	-77.4%	61,000	52.5%	59,000	-3.3%
MUSEUM OF NATURAL HISTORY	27,000	14,000	-48.1%	19,000	35.7%	23,000	21.1%
PARKS & RECREATION	675,000	666,000	-1.3%	613,000	-8.0%	563,000	-8.2%
PROBATION	8,066,000	9,207,000	14.1%	8,607,000	-6.5%	5,707,000	-33.7%
PUBLIC DEFENDER	138,000	145,000	5.1%	217,000	49.7%	220,000	1.4%
PUBLIC SOCIAL SERVICES	11,183,000	9,742,000	-12.9%	4,111,000	-57.8%	8,431,000	105.1%
REGIONAL PLANNING	223,000	343,000	53.8%	334,000	-2.6%	367,000	9.9%
REGISTRAR-RECORDER/COUNTY CLK	2,277,000	3,440,000	51.1%	3,476,000	1.0%	6,245,000	79.7%
SHERIFF	110,099,000	93,067,000	-15.5%	55,271,000	-40.6%	72,339,000	30.9%
TREASURER & TAX COLLECTOR	262,000	293,000	11.8%	372,000	27.0%	411,000	10.5%
TOTAL- GF / ENTERPRISE FUNDS	\$ 228,993,000	\$ 221,388,000	-3.3%	\$ 169,785,000	-23.3%	\$ 182,184,000	7.3%
SPEC DIST / SPEC FUND / I.S.F.							
FIRE DEPARTMENT	\$ 97,427,000	\$ 92,952,000	-4.6%	\$ 98,308,000	5.8%	\$ 109,554,000	11.4%
PUBLIC LIBRARY	782,000	645,000	-17.5%	648,000	0.5%	652,000	0.6%
PUBLIC WORKS	6,089,000	4,906,000	-19.4%	5,666,000	15.5%	5,300,000	-6.5%
TOTAL- SPEC DIST/SPEC DIST/I.S.F.	\$ 104,298,000	\$ 98,503,000	-5.6%	\$ 104,622,000	6.2%	\$ 115,506,000	10.4%
GRAND TOTAL	\$ 333,291,000	\$ 319,891,000	-4.0%	\$ 274,407,000	-14.2%	\$ 297,690,000	8.5%

[1] Reflects full year estimate

Four Year - ATT IV

7/28/2004